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# THE *Demand and Price* SITUATION

BUREAU OF AGRICULTURAL ECONOMICS  
UNITED STATES DEPARTMENT OF AGRICULTURE

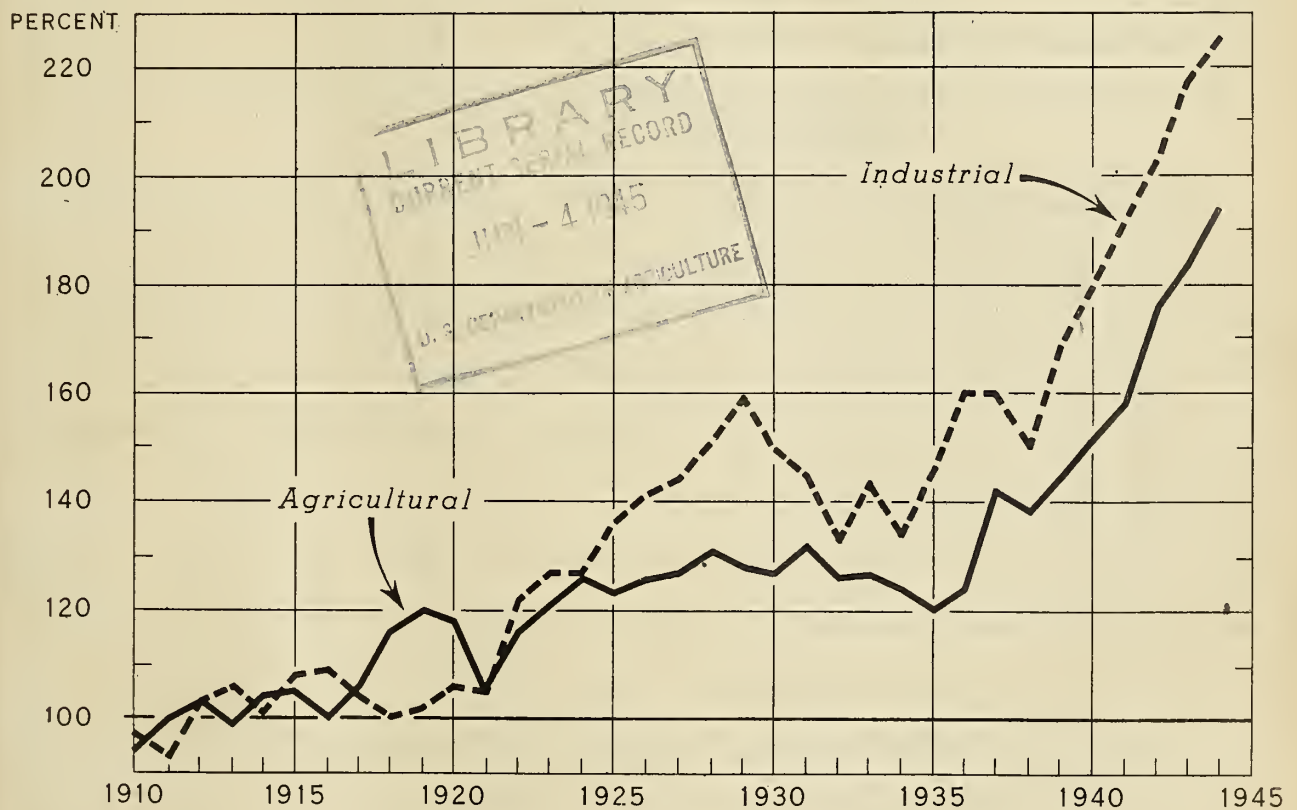
WASHINGTON, D. C.

BAC

MAY 1945

## PRODUCTION PER EMPLOYEE: AGRICULTURAL AND INDUSTRIAL, UNITED STATES, 1910-44

INDEX NUMBERS (1910-14=100)



U. S. DEPARTMENT OF AGRICULTURE

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BUREAU OF AGRICULTURAL ECONOMICS

Both agricultural and industrial production per employee have increased irregularly since 1910 and in both cases the rate of increase has been much greater during the war than it was in prewar years. Agricultural production per employee in 1944 was 35 percent above 1939 as compared with an increase of 33 percent for industrial production.

# THE DEMAND AND PRICE SITUATION

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## DEMAND FOR FARM PRODUCTS

The current high level of demand for farm products is not likely to decline significantly for several months, in spite of the end of fighting in Europe. Agricultural production in central and western Europe will undoubtedly be much below normal this year, as a result of the war, and consequently the need for food for the rehabilitation of liberated areas will be large. While some declines in industrial production and industrial workers' incomes in the United States may be expected later in the year, the levels will remain relatively high as long as fighting continues in Asia. Large wartime savings also will be available for the continued purchase of large quantities of farm products.

Cutbacks in the production of war goods have already been announced, but most of these have been confined to orders on which relatively little work had been done. However, sizeable reductions must be expected later in the year, although the level of production will remain much above prewar. The seasonally adjusted index of industrial production for April 1945 was 231.<sup>1/</sup> the lowest since February 1943, except for July and September 1944. Most of the recent reduction has been in the production of durable manufactured goods.

<sup>1/</sup> Federal Reserve Board, 1935-39 = 100.



The seasonally adjusted index of nonagricultural income payments for March 1945 was 240  $\frac{2}{1}$ , the same as the previous month but otherwise the highest on record. The rise in the index during the first quarter of 1945 was only about one-third as large as that during the last quarter of 1944. Most of the rise in recent months has been a result of increasing payments to military personnel. Decreases in the number of persons in the armed forces following the end of the war in Europe, will obviously cause such payments to decline. However, special payments made as individuals are discharged from the services will keep military payments at a considerably higher level throughout the period of demobilization, than would otherwise be expected. Because of this factor, declines in total nonagricultural income will probably occur more slowly than declines in industrial production and payrolls. However, such discharge allowances are single payments to each individual and consequently are not likely to be spent in the same way as other types of income. Therefore, these special payments are not likely to have as much effect as would other forms of income in sustaining the demand for farm products.

Volume of building and construction in the United States reached a war-time low in May 1944, when the index of contracts awarded fell to 58  $\frac{3}{1}$ . Since that time, the value of contracts awarded has increased irregularly and the index for April 1945 was 129, more than twice the low point, but less than one-half of the 1942 average. However, most of the increase since May 1944 has been in contracts for nonresidential construction. The index of contracts awarded for residential construction for April 1945 was 47, about 19 percent above May 1944 and less than one-fourth the 1942 average. As labor and materials become available, residential construction is likely to increase greatly. However, the supply of lumber and certain other materials available for civilian construction is likely to remain very small until after the defeat of Japan.

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1/ Department of Commerce, 1935-39=100.

2/ Federal Reserve Board, 1935-39=100.

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War expenditures of the Federal Government for April amounted to 7.1 billion dollars, 3 percent less than in April 1944. Total expenditures of the Federal Government for April 1945, at 8.0 billion dollars, were 1 percent more than a year earlier. Nonwar expenditures increased 62 percent during the year, and amounted to 829 million dollars for April 1945. Increased outlays for interest on the public debt and for the care of war veterans, which are largely the result of war although not considered part of war expenditures, accounted for a considerable part of this increase. Nonwar expenditures are likely to increase until after the final end of the war, and will offset in part the expected decline in war expenditures.

---May 17, 1945

#### EMPLOYMENT AND PAYROLLS

Employees in nonagricultural establishments for April 1945 numbered 38 million, approximately the same as in the 3 previous months, but 2 percent less than a year earlier and 5 percent under April 1943. Declines in employment during the past year have occurred in manufacturing -- 7 percent; mining -- 9 percent; and construction -- 5 percent. Employment in transportation and public utilities, trade, Government, and the finance service and miscellaneous group is larger than it was a year ago.

In spite of recent declines, 15.1 million persons were employed in manufacturing in April 1945. This is more than 50 percent above the prewar, 1935-39, and consequently the number may be expected to decline markedly after the war ends. In contrast, the number employed in the construction industry, 646,000 persons, is now only a little more than one-third of the prewar figure. Prospects for a large postwar increase in employment in construction are excellent because of the shortage of housing and other structures. However, greatly reduced supplies of lumber may prevent much increase in the near future. Postwar changes in employment in other types of nonagricultural establishments are likely to be smaller than those in manufacturing and construction.

The seasonally adjusted index of the wage income of industrial workers for March was 319.4/. The index has been relatively stable since July 1944. During the same period of time, industrial employment has declined about 3 percent but wage income per employed worker has increased enough to maintain total wage income. Since the cost of living has remained nearly constant since last July, the real income per employee has increased, and is now at the highest level ever recorded.

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4/ 1935-39= 100.



The average weekly earnings of factory workers for February 1945 were \$47.43. This is slightly under the 2 previous months, but is otherwise the highest on record, and is 4.4 percent above February 1944. During the year ended February 1945, average earnings in nondurable goods industries increased 6.8 percent as compared with 3.9 percent in durable goods industries. This is the opposite of trends early in the war period, when earnings in durable goods industries rose much more rapidly than those in nondurable goods industries. However, average weekly earnings in durable goods industries for February 1945 were \$53.39 as compared with \$38.71 for industries manufacturing nondurable goods.

#### AGRICULTURAL PRICES

Average prices received by farmers in May did not differ greatly from those of the previous month. However, the prices of some truck crops declined seasonally, while potato prices advanced somewhat.

The index of prices received by farmers for April 1945 was 203 5/, a new high for the present war and 5 points above March. An unusually sharp rise in the index for truck crop prices was the major factor in the rise in the index for all products. Prices received for cabbage, celery, onions and green peas were all more than 50 percent higher during the first half of April than during the first half of March.

The index of meat animal prices for April was 215. This was 4 points above the previous month and 17 points above December 1944. All classes of meat have risen in price in recent months, and prices are likely to remain near present levels for the remainder of 1945, because of short supplies.

Prices of food grains have been gradually increasing since last September. The index for April 1945 was 172, the highest reached during the war. This is 16 points above September, but only one point above April 1944. Seasonal declines in wheat prices are likely to be smaller than usual this year, because of strong demand and the shortage of transportation.

The index of feed grain and hay prices during the first 4 months of 1945 has averaged 5 to 10 points below the corresponding period of 1944, but has been slightly higher than during the last quarter of 1944. The index for April at 162 was 4 points below March, as a result of declines in the prices of oats, barley and hay.

The index of prices received for oil-bearing crops for April was 215. Prices for most of these crops were close to their ceilings. The index has remained practically unchanged since last November at the highest point reached during the war. Since supplies are very short, prices are likely to remain approximately at ceiling levels during 1945. The trend in average prices received for oil-bearing crops was consistently upward from September 1940 to November 1944. The index rose from 83 to 215 during this 4 year period.

The index of prices paid by farmers, including interest and taxes, for April was 173, unchanged from March and 4 points above April 1944. The ratio of prices received to prices paid, interest and taxes for April was 117. This was 3 points above March, as a result of the increase in prices received. The ratio has fluctuated within the narrow limits of 113 to 117 since November 1943.

5/ August 1909 to July 1914 = 100.

## FARM INCOME

Total cash receipts from farm marketings in May probably will amount to about 1,390 million dollars, only slightly lower than April and 4 percent below May 1944.

Cash receipts from livestock and livestock products in May will probably show about the usual increase over April. Income from meat animals will be down slightly. Cattle slaughter is falling off, as compared with April, but sheep slaughter is up. Slaughter of hogs and calves in May will probably be about the same as last month. Prices are the same in May as in April, with the exception of cattle prices, which are about 10 cents per hundredweight higher.

Income from dairy products will increase about 11 percent over April, which is less than generally occurs. Total milk production will show a gain of about 14 percent while average prices will drop about 4 percent.

Cash receipts from poultry and eggs will decline slightly. Production of eggs will decrease about 4 percent, but prices will advance around 2 percent. Marketings of chickens will increase about 2 percent and prices also will be up.

Cash receipts from crops may decrease seasonally. Income from feed grains and hay in May will show about the usual decline. Marketings of corn are holding up to peak levels, and quantities of oats, barley, and hay sold are making the ordinary decreases, while prices are dropping slightly.

Shipments of truck crops are continuing in large volume and cash receipts from vegetables are remaining at high levels. Tomato shipments from Texas and Florida in May will be about 3 times as great as in April. Prices will decline about 25 percent but cash receipts will rise. Movement of lettuce out of California may increase considerably while prices will probably decline substantially. Shipments of cabbage will be 10 to 15 percent greater, although cool weather in most Southern States has cut down yields. Prices will drop, but income will show some gain. Quantities of Irish potatoes sold are increasing rapidly, as the new crop moves onto the markets at about the same prices as in April. Marketings of sweetpotatoes are dropping off.

Cash receipts from fruit in May will not increase over April as much as usual. Shipments of western apples will decline about 50 percent as supplies in that area are dwindling rapidly. The volume of eastern apples marketed in May will be about the same as in April, but a greater proportion of small-sized fruit will be sold. The development of a large part of the 1944 eastern apple crop was seriously retarded because of severe drought, and this inferior fruit has moved slowly during the winter in competition with better grades. Prices in May will be about the same as in April.

Shipments of peaches from southern producing sections are starting about 2 weeks early because of especially good growing weather. Marketings in relatively large volume during May are expected, as a result of unusually good crops.



Marketings of strawberries in May will be only about half the volume in April, when shipments reached a high level because of early maturity. Prices will be slightly lower than last month.

Cash receipts from citrus fruit in May will be about the same as in April. Shipments of oranges will remain at about the April level. Movement out of California will increase, but marketings from Florida are dropping. Prices will be slightly higher than in April.

Marketings of grapefruit in May will be 10 to 20 percent lower than in April. The season in Florida and Texas is well advanced and volume of sales will decline, but there may be some increase in shipments from California and Arizona. Prices may work up slightly above April.

#### LIVESTOCK AND MEATS

Reflecting a continuing strong demand for meat, a smaller total output in 1945, and a low level of meat stocks, prices of the meat animals probably will be maintained at or near present levels at least through the remainder of the year. Prices received by farmers will average higher in 1945 than in 1944.

In early May prices for all species of meat animals were substantially higher than a year earlier. At all markets, prices for hogs, except those of extremely low quality, continued at the ceiling levels, on the basis of a Chicago price of \$14.75 for barrows and gilts and \$14.00 for sows. In mid-May the top for cattle at Chicago was \$17.90 per 100 pounds, the highest for the year and within 10 cents of the over-all ceiling. The fed lamb crop has largely been marketed, at the highest average price since 1929. Market prices for new-crop lambs in mid-May were at a slightly higher level than a year earlier at principal markets.

Meat production in 1945 is indicated to be around 22.5 billion pounds, dressed-meat basis, 9 percent less than the record production of 24.6 billion pounds in 1944. However, production at this reduced level would be about 39 percent greater than the 16.2 billion-pound average in 1935-39. Production of pork in 1945 is now indicated at around 10.3 billion pounds, about 20 percent less than the large production in 1944 and 23 percent less than the record production in 1943. Production of lamb and mutton may total around 930 million pounds, 9 percent less than in 1944. On the other hand, production of beef and veal is expected to set a new record this year, totaling about 11.2 billion pounds, approximately 5 percent more than the previous high in 1944.

Noncivilian users will continue to take a large part of the meat supply this year. Civilian supplies may average only 120-125 pounds per person, wholesale weight, in 1945 compared with about 150 pounds in 1944, and 126 pounds, the average for 1935-39. Civilian supplies of meat during the late spring and summer period of seasonally low production will be at the lowest level of the year and for the war period. Cold storage holdings of meats and edible offals in commercial cold-storage warehouses and meat-packing plants on May 1 totaled 573 million pounds, 9 million more than a month earlier, but the lowest for that date on record. In contrast, May 1, 1944,

storage holdings totaled 1,208 million pounds, the highest for that date in 24 years. Meat supplies probably will continue to fall short of demand at ceiling prices through the early part of 1946.

WFA and military procurement of meats and commercial exports and shipments in 1944 amounted to 5.6 billion pounds, on a dressed-weight basis, compared with 6.6 billion a year earlier and 3.7 billion in 1942. Noncivilian purchases of meat in 1944 were less than a year earlier because of smaller lend-lease and commercial exports and shipments. Also WFA meat stocks declined during the year. But military procurement was greater in 1944 than in 1943. Of the 1944 noncivilian total, approximately 71 percent was purchased by the armed forces; 27 percent was purchased by the War Food Administration, largely for lend-lease shipment; and about 2 percent represented commercial exports and shipments. Tentative allocations of meat to these users in 1945 total around 7 billion pounds, with needs of the armed forces accounting for most of the increase over 1944. Military requirements may be reduced somewhat in 1946 accompanying a scheduled reduction in personnel, but will remain large at least until the end of hostilities in the Pacific. Meat needs in the liberated countries of Europe are large, and shipments from the United States will be made to fill a part of these requirements.

#### DAIRY PRODUCTS

Demand for ~~dairy products~~ is expected to continue strong well into 1946. Civilian demand probably will remain strong, even if there is some reduction from 1944 in consumer income. Since 1942, demand by civilians for dairy products has exceeded the supply by a wide margin. During 1942, civilians consumed approximately 111 billion pounds of milk equivalent. The level of national income in 1944 was one-third greater than in 1942, but civilian consumption of milk and milk products totaled 102 billion pounds of milk equivalent. At the 1944 levels of income and price, civilian consumers would have taken about 118 billion pounds of milk equivalent if the supply had been available.

Military demands are expected to remain large. Any decrease in requirements because of reduced personnel probably will be offset by longer supply lines, with the shift of the war from the Atlantic to the Pacific theater. Relief needs of Europe are large.

With ceiling prices on dairy products in effect, prices received by dairy farmers for milk and butterfat will be nearly the same in 1945 and early 1946 as in 1944. Unit returns during 1945, however, will be somewhat higher than in 1944 because of increased dairy production payments. Farmers received approximately 389 million dollars in production payments for dairy products sold in 1944. This is equivalent to about one-eighth of the cash income from sales of dairy products. For 1945, dairy production payments will probably total about 500 million dollars. Production payment rates through the first quarter of 1946 have been announced.

The increased dairy production payment rates will tend to keep dairy products-feed price ratios at or near record levels. This probably will result in a continuation of a record level of milk production. In the first 4 months of 1945, milk production totaled 38.3 billion pounds. This was at an annual rate, with allowance for seasonal variation, of over 121 billion pounds.



## POULTRY AND EGGS

An unusual situation for this time of the year has developed in the demand for eggs. For the past few weeks demand at ceiling prices has exceeded the supply, and market reports indicate that upgrading is taking place. It is apparent that the scarcity of meat has contributed to the demand for eggs. Also, military requirements are large and thus far have not been completely fulfilled. To aid the military in obtaining needed supply, priorities were instituted on shell and frozen eggs during April.

Per capita egg consumption during the first quarter of 1945 was 100 to 105 eggs per person, the highest on record and 10 to 15 percent above the first 3 months of 1944. Supplies of eggs available for civilians during the second half of 1945 probably will be about the same as in the corresponding period in 1944. Commercial storage supplies of shell and frozen eggs are below last year's but are about equal to the prewar (1935-39) average. Some reduction in farm egg output during the remainder of 1945 compared with 1944 is expected. But this will be accompanied by a substantial reduction in the number of eggs for dehydrating. However, with scarce meat supplies, especially during the third quarter, demand for eggs will probably exceed the supply by a wide margin, at least until there is some seasonal increase in meat supplies. Prices received by farmers, with wholesale and retail prices at ceiling level, probably will be 4 to 7 cents above those in corresponding months of last year.

Demand for poultry meat at ceiling prices is much greater than available supplies, and this situation will continue until fall at least. Market reports of the WFA quote above-ceiling prices in wholesale markets. Although chicken meat supplies are increasing seasonally, they are behind last year. Army requirements are much larger than last year. Prices received by farmers for chickens averaged 24.6 cents per pound during the first quarter, slightly above the average for the corresponding period of 1944 and the second highest on record for the 3 months.

War Food Administration recently reinstated WFO 106 which requires all turkeys in designated areas to be sold to Government agencies. Also, WFO 119, providing for the set-aside of all commercial broilers produced in the Del-Mar-Va Peninsula and Shenandoah Valley and in other important commercial-broiler-producing centers in Georgia, Missouri, Arkansas, Kansas, and Oklahoma was amended to include 10 counties in North Carolina. About 50 to 60 percent of the commercial broiler output is now covered by the order.

## FATS, OILS, AND OILSEEDS

Fats and oils are in increasingly short supply. Normally, stocks of fats and oils reach a seasonal peak in early spring. But this season, with production since last September about 15 percent smaller than a year earlier, and with military procurement materially larger, inventories have declined since last October 1, which in most years is the date of lowest stocks. Factory and warehouse stocks of fats and oils on March 31 this year (the latest reported date) totaled 1,895 million pounds, 767 million pounds less than the unusually high level of a year earlier and the least for March 31 in 14 years.



The scarcity of fats and oils may be eased slightly next fall, when the new crops of flaxseed, cottonseed, and soybeans are available for crushing. No major degree of relief is likely, however, until early summer of 1946. By that time lard production (from 1945 fall pigs) may be greater than a year earlier, and copra may be arriving in fair volume from the Philippine Islands. In the meantime, inventories are likely to remain low and export requirements probably will continue large.

Supplies of fat and oil products for civilians in 1945 will be at the lowest level in many years. Civilian consumption of food fats probably will be limited to 38 to 40 pounds per capita (including butter in terms of actual weight) compared with an estimated 44.7 pounds in 1944 and an average of 48 pounds in 1935-39. Ration-point values for lard and cooking and salad oils are now 10 points per pound, compared with 6 points from April 1 to May 13. Manufacturers' quotas of fats and oils for making civilian soap in 1945 probably will be 10 to 15 percent less than a year earlier, about the same as the 1935-39 average. Oils going into civilian paint, linoleum, and oilcloth may total around 25 percent less than in 1944 and about 40 percent less than the 1935-39 average. With these reduced supplies available, civilian demand will keep prices of most fats and oils at ceiling levels throughout 1945.

Prices received by farmers for soybeans, flaxseed, and peanuts in mid-April were seasonally high, mainly because a large percentage of sales was of seed for planting. Prices of cottonseed, on the other hand, have declined slightly each month since November. Mid-April prices to farmers for oilseeds were virtually unchanged from a month earlier and averaged as follows: Flaxseed, \$2.91 per bushel; soybeans, \$2.13 per bushel; peanuts, 8.24 cents per pound; and cottonseed, \$51.90 per ton.

#### CORN AND OTHER FEED.

Prices of most feed grains and of hay declined in April and early May in contrast to the usual seasonal upward trend. Corn prices were about unchanged. The seasonal peak in prices of oats, barley, and hay usually occurs in May. The earlier downturn in prices of these feeds was largely the result of earlier growth of green feed this season than in most years. With the earlier availability of green feed, utilization of hay and feed concentrates has been reduced more than seasonally, with utilization of hay probably reduced more than concentrate feeds. Prices received by farmers for feed grains have averaged lower in 1945 than in early 1944, but hay prices have been higher. Prices of most byproduct feeds have been at about the same levels as in 1944.

Indications to date suggest that the 1945 production of feed grains and forage crops may again be fairly large relative to the number of livestock to be fed, although much depends upon growing conditions during the next few months. In practically all areas, moisture reserves have been built up for the growing season. Cool, wet weather during April and early May retarded spring work, which had been given an early start by unseasonably warm weather in March.

Production of tame hay in 1945 is expected to be the second largest on record. Carry-over of old hay on May 1 was estimated at 12.2 million tons, 18 percent more than a year earlier. The potential hay crop, together with above average stocks of old hay on May 1, promises a supply of hay per animal unit well above average, and the largest since 1942. Prices of livestock and livestock products are at a high level, and prospective hay requirements are about as large as in 1944-45. With a larger supply in prospect, however, hay prices during the 1945-46 season may average slightly less than in 1944-45.

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#### WHEAT

The downward seasonal adjustment in wheat prices which usually at about this time is expected to be delayed and considerably less than usual this year. This is a result of the strong demand both for domestic use and overseas shipments, and limited supplies in terminals and mills resulting from a tight transportation situation, which has recently been eased. Almost all types of wheat have sold at ceiling prices since early in February. As cars are provided in increased numbers and the flow to market increases, the price of hard wheats of low protein will be the first to drop below ceiling levels. Hard wheats of 12 percent protein or higher are expected to continue to sell at the ceiling for some time, as buyers are currently able to satisfy only a part of their needs for these types. Prices in the Pacific Northwest have been the exception to the general situation in that they have not been up to ceiling levels. This reflects the limited export demand for the area.

Stocks of wheat on April 1 totaled 563 million bushels, compared with 545 million a year earlier, 900 million in 1943, and 392 million, the 5-year 1937-41 average. Stocks on farms and interior mills together, at 368 million bushels, were considerably larger this year than the 286 million bushels a year earlier. Those in terminals and merchant mills, at 179 million bushels, were very much smaller than the 220 million bushels a year earlier. This indicates the effect of the car shortage in holding back the movement of wheat. Stocks held by the Commodity Credit Corporation in steel and wood bins and in transit totaled 16 million bushels April 1 this year, compared with 39 million bushels a year earlier.

The Crop Report as of May 1 indicated a winter wheat production of 835 million bushels. If only about average yields are obtained on the spring wheat acreage, the total crop would be about the same as the 1,079 million bushels last year. Seeding spring wheat is nearing completion. Early moisture is generally favorable and early sown wheat is coming up to good stands, although growth is slow. A crop in excess of a billion bushels would undoubtedly result in a larger carry-over on July 1, 1946, than the prospective carry-over on July 1, 1945, even with large-scale exports and continued relatively large domestic disappearance.

#### SUGAR

The 1945 crop of Cuban sugar has been purchased by the Commodity Credit Corporation at a minimum price of 3.10 cents per pound of raw sugar. This compares with 2.65 cents paid for the previous crop. However, the increase in price to Cuba will not cause any increase in sugar prices in the United States, since the Commodity Credit Corporation will continue to sell the sugar to refiners in this country at the same price as last year. The price paid to Cuba is to be raised above 3.10 cents per pound if the ceiling prices of sugar in the United States are increased above present levels, or if the cost of living in this country rises 4 percent or more.

Sugar supplies available to civilians will be much smaller during the remainder of 1945 than they were in 1944 or during the first quarter of this year. Per capita civilian consumption, which averaged 89 pounds in 1944, is expected to be reduced to an annual rate of about 70 pounds for the last 9 months of 1945, an average of about 72 pounds for the year. This is a reduction of 20 percent.



The most important factors accounting for the reduction are (1) the smaller crop produced in Cuba this year, (2) increased needs of the military forces and of liberated areas in Europe, (3) the low level to which sugar stocks in the United States were reduced in 1944.

This year's Cuban sugar crop is currently estimated at 4.0 million tons. This is 750,000 tons less than last year. A total of 5.6 million tons was produced in 1944, of which the equivalent of 900,000 tons was used for high test molasses for the manufacture of industrial alcohol. The fact that the United States has purchased the entire Cuban crop of sugar, except for quantities needed for local consumption in the island and exports to Latin America, does not mean that all of this will be available for use in this country. Substantial parts, by previous agreement, will be shipped to Canada and the United Kingdom. These countries normally imported sugar from Cuba in prewar years.

While the quantity of beet sugar produced in the United States in 1945 is likely to be somewhat larger than that produced in 1944, it will not be nearly sufficient to make up the decrease in supplies obtainable from Cuba. Also none of this sugar will be available until late in 1945 and most of it normally would not be consumed until 1946. The quantity of sugar available from Hawaii, Puerto Rico and the Continental crop of sugar cane will not be greatly different this year from 1944, and no sugar will be available from the Philippines in 1945.

Western Europe normally produces a major part of the sugar which its people consume. However, production has been greatly reduced by active fighting, disrupted transportation, lack of coal for operating sugar mills, and dislocated populations. Part of the reduced production must be made up by shipments of sugar which would otherwise be available to the United States if these areas are to obtain even the minimum amounts necessary to prevent serious suffering. The Japanese occupation of Java makes it impossible for Europe to import sugar from that source, as it formerly did when local supplies were inadequate.

Military needs for sugar in 1945, as allocated prior to VE day amounted to 1,262,000 tons, about 9 percent more than in 1944. This increase is needed because of the larger number of men in the services stationed abroad, and the larger number of dislocated civilians who must be fed by the Army and Navy. It is expected that the military will use about one-fifth of the total supply of sugar available to the United States in 1945.

Total stocks of sugar in the United States on January 1, 1945 amounted to 1.2 million tons, raw value, as compared with 1.8 million a year earlier and 2.1 million on January 1, 1943. The stocks on hand at the beginning of this year were the lowest since comparable records became available and close to the minimum necessary at that time of year if continuous distribution throughout the country is to be maintained.

#### FRUIT

Prices for the better grades of the principal fresh fruits were at or near ceiling levels in early May, reflecting continued strong demand and a seasonal low in supplies of deciduous fruits. Prices for fresh fruits in general are expected to continue at the current high levels well into June.



Terminal market wholesale prices for most citrus fruits advanced slightly during April, averaging close to ceiling levels. Prices for California oranges and lemons advanced further the first of May, in accordance with scheduled increases in ceiling prices. Prices for California Navel and Florida Valencia oranges, supplies of which are decreasing seasonally, are expected to continue at ceiling levels. However, prices for the record large crop of California Valencia oranges, market movement of which is just getting under way, may not be maintained at or near ceilings after market channels become well filled, except for the better grades and preferred sizes.

Terminal market prices for grapefruit, which were at or near ceiling levels during late April and early May, are expected to continue at these high levels until supplies are exhausted. An important factor contributing to the higher prices this season than last for Florida oranges and Florida and Texas grapefruit is the relatively high level of prices established for citrus fruit for processing. Although prices for lemons advanced May 1 to the higher ceiling level scheduled, it may be difficult for prices to hold at this higher level, because supplies remaining to be marketed are considerably larger than a year earlier.

Prices for fresh strawberries at country shipping points and terminal markets have been at ceiling levels thus far this season, and are expected to continue at these levels for the remainder of the season. Market supplies reached a peak in late April, several weeks earlier than last season, and are now tapering off, although they are expected to continue in fairly large volume until June. Production in the late spring States, which is marketed chiefly in late May and June, is indicated to be about one-eighth smaller than last season. Total production of strawberries this season in all areas combined is indicated to be about one-tenth larger than last season but still only about one-half the 10-year (1934-43) average.

Terminal market prices for eastern apples, which were unsteady throughout April under the pressure of relatively large supplies, increased significantly in early May, while prices for western apples continued at or near ceiling levels. With the approach of the close of the season for storage apples, prices are likely to fluctuate somewhat, conditioned largely by variations in quality. New-crop apples are expected to become available in June. The 1945 crop of apples is expected to be considerably smaller this year than last in the Eastern States because of the recent freeze damage, while a near-average crop is in prospect in the Western States.

Market supplies of 1945-crop peaches and cherries became available in early May. Production of peaches in the 10 early Southern States is indicated, on the basis of May 1 conditions, to be 25.8 million bushels. This is 50 percent larger than last year and 64 percent larger than the 10-year (1934-43) average. The California cherry crop is indicated to be 30,800 tons this year, which is 14 per cent larger than last year and 41 percent larger than the 10-year (1932-41) average. Because of extensive frost damage to deciduous fruit trees in the Northeastern and Midwestern States during April and early May, production in these areas is expected to be substantially smaller than last year. In the Western States conditions point to crops that are average or larger in size.

## TRUCK CROPS

Commercial Truck Crops  
for Fresh Market

Prices for truck crops in early April made a spectacular rise from the depressed levels of February and March. The sharp rise may be attributed largely to the effect of cooler weather and reduced number of carlot shipments moving in late March and early April. Since mid-April, however, prices for snap beans, cabbage, sweet corn, peppers, and tomatoes have declined, and prices for cucumbers and green peas have dropped in recent weeks, all under pressure from increasing market supplies.

The quantity of fresh vegetables arriving in terminal markets each week is expected to increase seasonally at least through June, accompanied by general seasonal declines in prices for most items. According to conditions on May 1, the aggregate tonnage of commercial truck crops harvested for the fresh market this spring may be about 6 percent larger than it was in the spring a year ago, and may set a new high record for spring season production.

The weighted average wholesale price of 14 important truck crops sold in New York City during the week ended May 5, 1945, was 3 percent lower than for the corresponding week a month earlier, and 5 percent lower than for the corresponding week a year earlier. It is expected that average prices received by farmers for fresh market truck crops in May of this year will approximate or slightly exceed the general level experienced a year earlier, but be about 10 to 15 percent lower than a month ago.

Maximum f.o.b. country shipping point prices for the summer months of this year were proposed April 19 for lima beans, snap beans, eggplant, sweet peppers, and spinach. (OPA-5504, Admin. Notice No. 17.) This action completes the seasonal price cycle for the five vegetable items, OPA explained, and the prices are in line with prices previously established or announced.

The ceiling prices, f.o.b. the country shipping point, for 1945 crop watermelons will be the same as those established for the 1944 crop, namely: \$45 per ton from the beginning of the season through July 4, and \$35 thereafter. These ceilings are considerably above those that were tentatively proposed last December.

Commercial Truck Crops  
for Processing

Intentions of processors to plant or contract acreage, if carried out, would result in acreages planted in 1945 that would be within 5 percent of the acreages planted last year, for the following crops to be grown for processing: snap beans, beets, cabbage for kraut (contracted acreage only) 6/, sweet corn, and tomatoes. Significantly larger acreages for processing in 1945 than in 1944 are intended by processors for cucumbers for pickles, lima beans, green peas, and pimientos. The increases intended over the 1944 acreages planted are respectively: 8, 11, 12, and 38 percent.

6/ Kraut manufacturers obtain from 1/3 to 1/2 their total volume of cabbage by purchase on the open market.



If the intended acreages are planted, production in 1945 -- with average abandonment of acreage and average yields -- would be considerably lower than in 1944 for beets, about the same as in 1944 for cucumbers for pickles and for tomatoes, appreciably larger for snap beans and green peas, and considerably larger for sweet corn, cabbage for kraut (contracted), pimientos and lima beans.

Prices that growers will receive for snap beans, sweet corn, green peas, and tomatoes grown in 1945 for canning are to be supported at substantially the same levels as in 1944. In addition, designated grower prices have been announced for 10 vegetables for canning (USDA-549-45) and 8 vegetables for freezing (USDA 641-45). These designated grower prices, which under the Guaranty Purchase Program serve in the capacity of support prices for WFA purchases of set-aside vegetables, other than the major 4 first mentioned, are at substantially the same levels as last year.

#### POTATOES AND SWEETPOTATOES

Prices for both new and old potatoes have held generally firm at ceilings, with demand at ceiling prices exceeding the supplies available, particularly in interior and western markets of the United States. Scheduled price ceilings for 1944 late-crop potatoes reached their peak for this season in May. The relatively small stocks of good quality old potatoes remaining, principally in Maine, are expected to continue to move at ceiling prices and to be given wider geographical distribution than usual.

Shipping point price ceilings per 100 pounds on 1945 early-crop potatoes are scheduled to decline on June 1 by 20 cents in all States shipping. Despite the rapidly increasing shipments of new potatoes expected, prices received by farmers are expected to hold generally at ceilings at least until early June.

Unusual weather conditions advanced the first shipping dates for producing points in eastern and some of the Southern States, but at the same time delayed the shipping season for California. Heavy shipments from California moving over a shorter period of time than usual may force prices for new potatoes down from ceilings by some time in early June. Some difficulty may be encountered in obtaining enough refrigerator cars for movement of California potatoes because of the large tonnages of oranges, cantaloups and other perishables that will also be moving. Further reduction in civilian supplies to be available from California will result from military procurement under the shipping permit restrictions of WFO 120, which has been extended to include new potatoes from Kern County, California.

The usual spring shift in major source of supplies moving to market from old to new crop potatoes came during the last week of April this year, 2 weeks earlier than last year. The number of cars of new potatoes shipped in the final week of April this year was not equalled last year until the last week of May.

Terminal market wholesale prices for sweetpotatoes have declined slightly in recent weeks. The supply of the 1944 crop is practically exhausted, and the new crop will not move in considerable volume before mid-July. Prospective plantings for 1945 point to a crop considerably smaller than last year, and short of anticipated requirements.



During the month ended May 17, cotton prices in the 10 markets averaged 22.43 cents per pound, the highest of any monthly period since the late 1920's and 120 points higher than a month earlier. Not only were prices at a higher level than in any recent period, but during the last 2 weeks prices fluctuated within the rather narrow range of less than one-fifth cent, apparently uninfluenced by the cessation of hostilities in Europe.

Conditions continue to point toward a domestic consumption of cotton this season 1 or 2 percent less than 1943-44. The average consumption per working day in April was 37,242 bales. If continued in May, June, and July at the same rate, a consumption this season of 9.7 million bales would result. This compares with over 9.9 million bales in 1943-44. The supply of cotton textiles in civilian channels continues materially below prewar levels, even though demand has increased materially. It now appears that there will be little, if any, relief so far as aggregate quantities available to civilians are concerned during the calendar year, and maybe not for sometime thereafter. The armed forces continue to desire more of certain kinds of textiles than they are able to obtain. Although substantial numbers of workers are expected to be released from other lines of war production, it will be some time, at least, before there is any marked easing in the labor situation with which cotton mills are confronted.

The end of the war in Europe should lead, in the not-too-distant future, to the resumption of cotton textile consumption in areas where, during the war, it had been stopped almost entirely. It is expected that the total international trade in cotton may be something like double the level of the last few seasons but, nevertheless, well under prewar levels. The extent to which American cotton will share in the increased consumption in Europe will be governed largely by decisions pertaining to the eligibility of various countries to receive Lend-Lease assistance (cotton under Lend-Lease) and the extent to which American cotton, under the Export Payment Program now in operation, can be satisfactorily merchandised to foreign buyers.

On May 12 the Commodity Credit Corporation held 3,824,000 bales of 1944 crop cotton. Of this amount 1,582,000 bales were in the 1944 Government loan and 2,242,000 bales had been acquired under the 1944 cotton purchase program. In addition to the 1.6 million bales of 1944 crop loan cotton, there were 1,439,000 bales of 1943 crop cotton on which loans had not been paid. Commodity Credit Corporation owned and pooled stocks available for sale totaled about 3.5 million bales. Through May 12 registered sales under the export payment program totaled 491,757 bales.

#### WOOL

Victory in Europe has not changed the outlook for a continuing high rate of wool consumption in 1945. Weekly average mill consumption of apparel wool (scoured basis) reached a new peak in February, and was 9 percent higher than a year earlier. Little change from the February rate was indicated for March. As a result of recent measures taken by the Army and the War Manpower Commission to increase production of wool fabrics, the January-June consumption this year may equal the January-June 1943 record consumption of 563 million pounds (grease basis). Even if consumption should decline during the latter part of the year, total 1945 consumption seems likely to be close to the 1944 total of 1 billion pounds (grease basis).

Because of urgent military requirements, the greater part of the output of the wool textile industry has been channelled to military and export orders since the early part of the year, and this condition will continue into the second half. Hence a high rate of production will be required to replenish stocks of civilian fabrics, when current military requirements have been met.

Market prices for domestic wool continue unchanged, since the CCC is selling all domestic wool at appraised value. Likewise prices of wool imported from Australia, New Zealand and the Union of South Africa are largely determined by British Government issue prices which, to the United States, have been unchanged since December 1942 for wools grading 56's and finer. Issue prices for grades 56's-50's and coarser have been unchanged since October 1944. Prices of South American wools held privately in this country have strengthened recently, owing to the strong demand for these wools for Army orders, and the limited shipping space available for bringing them to this country. CCC selling prices on a clean basis for domestic wools are mostly 10 to 20 cents a pound higher than current prices of imported wools, converted to a strictly comparable basis.

During the first 2 years of the Government purchase program for domestic wool, the CCC purchased approximately 647 million pounds (grease basis). Sales for the entire period totaled about 355 million pounds with approximately 292 million pounds, or 45 percent of the wools purchased, unsold on March 31, 1945. Sales during the year ended March 31, 1945, totaled about 263 million pounds, compared with an estimated domestic production of 418 million pounds. Army orders, which carry a premium for the use of domestic wool, provide the principal outlet for such wools at present.

#### TOBACCO

With the possible exception of an increase in exports, the end of the war in Europe will probably have little immediate effect on the demand for leaf tobacco. Stocks of leaf tobacco in Europe are thought to be at an extremely low level. As shipping conditions improve, exports may increase somewhat over present levels, particularly if credit or dollar exchange is available for tobacco. Foreign governments own some tobacco in storage in this country, and as transportation permits, this tobacco will be exported. The Commodity Credit Corporation as of March 31 held about 171 million pounds, mostly flue-cured, which was ear-marked for export. Shipments abroad this year have been low compared with pre-war years, and have been largely to Great Britain. Only a small quantity is now being moved under lend-lease arrangements. Great Britain will continue to be the principal export market for United States tobacco in the post-war period, and shipments will consist largely of flue-cured.

Reflecting the high level of domestic utilization, the relatively low level of stocks, and the improved outlook for exports, demand for tobacco in this country has been strong this season. Prices for the 1944 crop were near those of a year earlier. All types except fire-cured (types 21-24) and dark air-cured (types 35-37) were covered by maximum price regulations again this season.

Auction markets in southern Maryland opened April 25 for sale of the 1944 crop. In contrast with the short 1943 crop, the 1944 crop of Maryland was normal in size and of high quality. A large percentage is suitable for cigarettes. The demand for the leaf is strong and all of the better grades and some of the medium and low grades have sold at or near the ceiling price of 57 cents per pound. Producers' sales through May 18 totaled 9 million pounds at an average of 54-1/2 cents per pound, compared with a season average of 45 cents for the 1943 crop. Prices of cigar tobacco sold so far this season have been at or near the established ceilings, or about the same as the 1943-44 season average.

Despite large overseas shipments of cigarettes, the over-all consumption of tobacco products in this country is continuing at an exceptionally high rate, although slightly below the level of a year ago. Domestic cigarette consumption of about 19 billion during March was 6 percent below March 1944. Consumption during the first 3 months of 1945 was 3.6 percent below the same period of 1944, but 39 percent above 1939. Cigar consumption is slightly above a year ago, but still at a very low level. Consumption during March of 426 million cigars, mostly higher-priced cigars, was about 1 percent above March 1944. Production of snuff is continuing near peak levels, and chewing tobacco is at the highest level in many years. Smoking tobacco production has declined during this war, but has shown some increase in recent months.



## ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit of base period	1944 Year	1945				
			Apr.	Jan.	Feb.	Mar.	Apr.
Industrial Production <u>1/</u> .....	: 1935-39 :						
Total .....	= 100 :	235	239	234	236	235	231
All manufactures .....	" :	252	256	251	253	252	247
Durable goods .....	" :	353	361	344	347	345	337
Nondurable goods .....	" :	171	172	175	176	176	174
Minerals .....	" :	140	140	140	141	142	140
Construction activity <u>1/</u> .....	: 1935-39 :						
Contracts, total .....	= 100 :	73	63	84	103	125	129
Contracts, residential .....	" :	39	42	34	32	37	47
Wholesale prices <u>2/</u> .....	: 1935-39 :						
All commodities .....	= 100 :	129	129	130	131	131	131
All commodities except farm and food .....	" :	121	121	122	122	122	122
Farm products .....	" :	162	162	166	167	167	170
Food .....	" :	133	133	132	132	132	134
Prices received and paid by farmers <u>3/</u> .....	: 1910-14 :						
Prices received, all prod. ....	= 100 :	195	196	201	199	198	203
Prices paid, int. and taxes .....	" :	170	169	172	172	173	173
Parity ratio .....	" :	115	116	117	116	114	117
Cost of living <u>5/</u> .....	: 1935-39 :						
Total .....	= 100 :	126	125	127	127	127	127
Food .....	" :	136	135	137	136	136	137
Nonfood .....	" :	120	119	122	122	122	122
Income .....	: 1935-39 :						
Nonagricultural payments <u>4/</u> .....	= 100 :	231	228	239	240	240	---
Cash farm <u>3/</u> .....	" :	265	270	278	312	305	---
Income of Industrial Workers <u>3/</u> .....	: 1935-39 :	325	327	322	321	319	---
Factory payrolls <u>5/</u> .....	= 100 :	356	357	352	350	347	---
Weekly earnings of factory workers <u>5/</u> .....	: Dollar :						
All manufacturing .....	" :	46.08	45.55	47.52	47.43	---	---
Durable goods .....	" :	52.07	51.67	53.58	53.39	---	---
Nondurable goods .....	" :	37.12	36.16	38.63	38.71	---	---
Employment .....	:						
Total civilian <u>6/</u> .....	: Million:	51.8	51.3	50.1	50.6	50.8	51.2
Employees in nonagri. est. <u>5/</u> .....	: Thous.:	36,682	38,689	37,934	37,957	38,026	37,750
Farm <u>3/</u> .....	" :	10,037	9,080	8,005	8,051	8,414	8,982
Government finance (Federal) <u>7/</u> .....	: Mil. dol:						
Receipts, net .....	" :	3,702	3,087	3,556	3,767	6,892	2,929
Expenditures .....	" :	8,097	7,859	8,202	7,460	9,433	7,968

Sources: 1/ Federal Reserve Board; converted to a 1935-39 base. 2/ U. S. Dept. of Labor, B. L. S. 3/ U. S. Dept. of Agriculture, B. A. E. To convert prices received and prices paid, interest and taxes to the 1935-39 base, multiply by .93110 and .78125 respectively. 4/ U. S. Dept. of Commerce. 5/ U. S. Dept. of Labor, B. L. S. 6/ U. S. Dept. of Commerce, Bureau of the Census. 7/ U. S. Dept. of Treasury.

Data for 1944 are on average monthly basis.

